

**CONGRESSIONAL TESTIMONY**

**APRIL 26, 2006**

**Presented to:**

**United States Senate**

**Committee on Small Business & Entrepreneurship**

**Honorable Olympia J. Snowe, Chair  
Honorable John F. Kerry, Ranking Member**

**Presented by:**

**Harry C. Alford  
President/CEO  
National Black Chamber of Commerce, Inc.**

**1350 Connecticut Ave. NW, Suite 405  
Washington, DC 20036**

**202-466-6888, F202-466-4918, [info@nationalbcc.org](mailto:info@nationalbcc.org)**

Harry C. Alford  
President/CEO  
National Black Chamber of Commerce, Inc.

Madame Chair, Mr. Ranking Member and other distinguished members of the Senate Committee on Small Business & Entrepreneurship thank you for inviting the National Black Chamber of Commerce to speak before you today regarding the Reauthorization of the Small Business Administration credit and counseling programs. We are faced with challenges in this global economy and it must be emphasized that small business will continue to be the lifeblood for economic growth and job creation within this great nation of ours.

According to records for SBA lending comparing Fiscal Year 01 to Fiscal Year 05, African American participation has not been growing at any appreciable rate. The share of 7a loans remained constant at 3%. 504 loans were also constant at 2% while the number of Micro loans fell from 21% to 18%. In terms of dollar volume, 7a loans rose from 4% to 7%. 504 loans remained constant at 2%. While Micro loans fell from 29% to 21%. As the Black population in this nation is 13% the participation levels for the 7a and 504 programs are frankly anemic. With the "Low Doc" program being cancelled the future growth for these programs is suspect and that should give us all cause for concern.

According to the US Census Bureau, the number of African American businesses between 1997 and 2002 grew at a rate of 45% in numbers and 23% in dollar volume. This is the fastest growing segment in the nation. The demand for capital access in the African American community is going to surge and it is important that the SBA vehicles for capital access gain in exposure and utilization within this targeted community.

We are excited that this Committee has generated some bills to address the above predicament. S.2595 improves the SBA 504 loan program. One aspect is increasing the lending limits for businesses that are owned by veterans, minorities and women. In this global economy our members are growing and meeting a new and broader customer base which means more equipment, infrastructure, etc. We encourage the entire Senate to support this legislation.

Another key bill coming out of this Committee is S.2594, which improves the 7a lending program. One key component is the establishment of an Office of Minority Small Business Development in the SBA with an annual budget and requirements to monitor the outcome of SBA's programs and ensure the SBA's state offices have money to market to minorities. While this office has relevance to the lending side of the SBA, it is established to address the need in all of SBA's programs, i.e. credit, counseling and contracting – to reach more minorities. This office needs this broader jurisdiction, funding to back it and more access and autonomy than the current minority offices at the SBA that focus on contracting. The timing for S.2594 is appropriate as African American businesses grow at record numbers and are creating a great demand for more consulting as well as lending possibilities.

We are very pleased that our nation's business schools are starting to understand the need to teach entrepreneurship as opposed to readying students for the corporate world. Business schools such as that of Syracuse University require students to form an active business as a requirement for graduation. Historically Black Colleges and Universities have recognized the importance of entrepreneurship also. This is why the NBCC is quite excited about S.2586, or the "Minority Entrepreneurship and Innovation Pilot Program". This program is relevant to counseling and entrepreneurial development. It will fund HBCU's and other minority populated institutions up to \$1 million each for two years to establish entrepreneur development programs and there will be 24 awards granted.

If this bill becomes legislation we will partner with various institutions and compete for these grants. We could create a strong resource pool for business incubation and equip our future leaders with skill sets that ready them for this very competitive world. Such new entrepreneurs will become job creators with their innovation and acumen.

The number of field workers (boots on the ground) for the SBA has been greatly reduced over the years. When the federal marketplace was nearly half the size as it is now, there were 73 Procurement Center Representatives. Today there are only 58. Likewise, the number of Commercial Marketing Representatives has been decreased to only 34. We need more of these representatives to provide more counseling to the fast growing number of our businesses. Also, we need more representatives who provide full time service not the sharing of additional duties. In essence, it is imperative that we have a very strong SBA ready and equipped to provide the demands of a fast growing small business population.

In sum, we support all efforts that will enhance the opportunities for lending and counseling. Our nation is enjoying appreciable growth in small business creation and that growth must be met with programs that will ensure development through improving skill sets and providing "fuel", i.e. capital for our entrepreneurs. We have recognized three bills coming out of your committee and pledge full support in your efforts to make these bills become reality. Any other bills that complement the aforementioned or will create other avenues for lending opportunities and provide needed counseling to our new businesses will, likewise, be supported by the NBCC. This great nation can survive by way of a strong economy. The past has shown us that the key component to a strong economy is small business growth. Your task is vital to us all and we pray that you are successful.

Thank you for this opportunity to come before you today. We have 160 chapters throughout this nation and please consider each and every one a resource for your constituents and a valuable asset to your communities. Also, we can make contact with over 100,000 business owners within 3 hours. We have great challenges such as energy prices and the enormous rebuilding tasks in the Gulf Region. Together, we can meet these challenges and prevail.